

# SENATE BILL REPORT

## SB 6829

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As Passed Senate, February 10, 2000

**Title:** An act relating to making an irrevocable choice to become a member of the Washington school employees' retirement system plan 2 or plan 3.

**Brief Description:** Making an irrevocable choice to become a member of the Washington school employees' retirement system plan 2 or plan 3.

**Sponsors:** Senators Winsley, Costa, Long, Fairley, Snyder, Bauer, Fraser, Franklin and Kohl-Welles.

**Brief History:**

**Committee Activity:** Ways & Means: 2/7/2000, 2/8/2000 [DP].  
Passed Senate, 2/10/2000, 47-0.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Fairley, Fraser, Honeyford, Kline, Kohl-Welles, Long, McDonald, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel, West, Winsley, Wojahn and Zarelli.

**Staff:** Pete Cutler (786-7454)

**Background:** The School Employees Retirement System Plan 2, and Plan 3 (SERS Plan 2 and Plan 3) were created in legislation adopted in 1998, and will open to membership as of September 1, 2000. All classified employees of school districts and educational service districts who are members of the Public Employees Retirement System Plan 2 (PERS Plan 2) will automatically be transferred to SERS Plan 2, which has identical benefits to PERS Plan 2. All SERS Plan 2 members will then have the opportunity to transfer to SERS Plan 3. New classified staff hired after September 1, 2000, are required to be members of SERS Plan 3.

The legislation creating SERS Plan 3 was proposed by the Joint Committee on Pension Policy (JCPP). One of the principles followed in developing the Teachers Retirement System Plan 3 (TRS Plan 3) and SERS Plan 3 was that all newly employed school employees would be mandated to join Plan 3. The JCPP has introduced legislation in the 2000 session that would create a Plan 3 for the Public Employees Retirement System (PERS Plan 3) and the Law Enforcement Officers and Fire Fighters Retirement System (LEOFF Plan 3), and would permit new employees to choose between membership in either Plan 2 or Plan 3 for each of those systems.

**Summary of Bill:** All classified employees who first become employed by a SERS employer on or after September 1, 2000, have a period of 180 days to make an irrevocable decision whether to become a member of SERS Plan 2 or SERS Plan 3. If the member

makes no choice, he or she remains a member of SERS Plan 2. If a new employee chooses to be a member of SERS Plan 3 during the 180 day period, all service and contributions that had accrued in Plan 2 prior to the decision are transferred to Plan 3.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on September 1, 2000.

**Testimony For:** The Joint Committee on Pension Policy has proposed giving new PERS members the option to join Plan 2 or Plan 3. This same option should be provided to new SERS members.

**Testimony Against:** None.

**Testified:** PRO: Doug Nelson, PSE; David Westberg, AFL-CIO Stationary Engineers; Pat Thompson, County and City Employees; Wendy Rader-Konofalski, WFT; Karen Davis, WEA.